

Message Text

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15
ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 CIAE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 AID-05 CEA-01 COME-00 EB-07 FRB-03

INR-07 IO-13 NEA-10 OPIC-03 SP-02 TRSE-00 CIEP-01

LAB-04 SIL-01 AGRE-00 OMB-01 NSC-05 SS-15 STR-04 L-03

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O P 080950Z OCT 76

FM AMEMBASSY BERN

TO SECSTATE WASHDC IMMEDIATE 3318

USMISSION OECD PARIS IMMEDIATE

INFO AMEMBASSY LONDON PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY BONN PRIORITY

USMISSION EC BRUSSELS PRIORITY

C O N F I D E N T I A L BERN 4615

E.O. 11652: GDS

TAGS: EGEN OECD SZ

SUBJ: XCSS - NORTH/SOUTH ISSUES: OECD EAST-WEST INITIATIVE: US
PROPOSALS FOR WORK PROGRAM

REF: A) STATE 244132; B) STATE 248015 C) BERN 4581

1. SUMMARY: XCSS CHAIRMAN JOLLES FORESEES PROBLEMS IN
PERSUADING OECD COUNTRIES TO PARTICIPATE IN SUBSTANTIVE
DISCUSSION IN XCSS OF PROPOSALS ON EAST-WEST ISSUES MADE
BY US. HE ENVISAGES DIFFERENT STRUCTURE FOR XCSS DIS-
CUSSION NORTH/SOUTH ISSUES THAN ONE SET FORTH REFTEL B.
HE WOULD DIVIDE THIS AGENDA ITEM INTO (A) STRATEGY FOR
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CIEC AND CIEC FOLLOW-UP, UNDER WHICH US PROPOSAL WOULD

BE DISCUSSED, (B) OUTLINE OF CIEC FINAL PACKAGE AND(C)
DISCUSSION OF TRADE AND INVESTMENT. HE TOLD US THAT
THE SWISS POSITION ON THE US PROPOSALS WILL NOT BE
DECIDED UNTIL OCTOBER 12. END SUMMARY.

2. POL/ECON COUNSELOR CALLED ON AMBASSADOR JOLLES, CHAIRMAN
XCSS, ON OCTOBER 7 TO FOLLOW UP ON DEMARCHES MADE IN
ACCORDANCE REFERENCES A AND B. JOLLES SAID THAT SWISS
WOULD MEET ON OCTOBER 11 AND 12 TO DECIDE ON SWISS
POSITION ON US PROPOSALS, AND WE WOULD BE INFORMED.
WHAT FOLLOWS ARE COMMENTS HE MADE IN HIS CAPACITY AS XCSS
CHAIRMAN.

3. EAST-WEST INITIATIVE: JOLLES SAID THAT GIVEN THE
HIGHLY POLITICAL DIMENSION OF EAST-WEST RELATIONS AND
OF THE CONTENT OF OUR PROPOSALS, HE BELIEVES MANY OF THE
OECD MEMBER STATES WILL BE RELUCTANT TO COMMENT. THEY
ARE LIKELY TO RAISE A NUMBER OF PROCEDURAL QUESTIONS IN
ORDER TO AVOID ENGAGING IN A SUBSTANTIVE DISCUSSION. A
FULL DAY HAS BEEN ALLOCATED FOR THIS AGENDA ITEM. JOLLES
IS CONCERNED THAT UNLESS THE US DELEGATION IS PREPARED TO
HELP SUSTAIN THE DISCUSSION, FOR EXAMPLE, BY COMMENTING IN
SOME DETAIL ON THE DOCUMENTATION PROVIDED BY THE OECD
SECRETARIAT, WHAT WILL HAPPEN IS THAT THE US WILL DESCRIBE
ITS PROPOSAL, ONE OR TWO COUNTRIES WILL COMMENT BRIEFLY,
AND THE DISCUSSION WILL DIE. THE US CAN ALSO EXPECT FRENCH
(BOEGNER) TO REITERATE ARGUMENTS MADE IN THE OECD COUNCIL
THAT THE XCSS HAS NO MANDATE FROM THE COUNCIL TO DISCUSS
THIS ISSUE AND THAT THE COUNCIL SHOULD DISCUSS IT.
JOLLES DOES NOT KNOW WHETHER FRENCH OPPOSITION IS SUB-
STANTIVE OR DUE TO OTHER FACTORS. JOLLES HAS INFORMED
THE SWISS REPRESENTATIVE TO THE OECD THAT SINCE THE COUNCIL
IS FREE TO DISCUSS ANY ISSUE AT ANY TIME, IN HIS VIEW THE
FACT THAT THE XCSS IS ALSO DEALING WITH AN ISSUE IS NO
OBSTACLE OR CHALLENGE TO THE COUNCIL'S AUTHORITY.

4. NORTH/SOUTH: WHAT JOLLES AND THE OECD SECRETARIAT HAVE
BEEN CONSIDERING IS A SOMEWHAT DIFFERENT STRUCTURE
FOR THE DISCUSSION THAN THE ONE SET FORTH REF B. HE
ENVISAGES A SUB-AGENDA OF THREE POINTS:
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A. GENERAL STRATEGY FOR THE CIEC AND FOR CIEC FOLLOW-UP.
THE US PROPOSAL COULD BE TAKEN UP UNDER THIS HEADING.
COORDINATION OF THE EFFORTS OF THE DEVELOPED COUNTRIES
HAS BEEN ONE OF JOLLES' MAIN CONCERNS FOR SOME TIME. HE
IS MOST RECEPTIVE TO THE POINT THAT THE INDUSTRIALIZED
COUNTRIES SHOULD BE FORMULATING AN INTEGRATED, COOPERATIVE
STRATEGY OF THEIR OWN RATHER THAN SOLELY REACTING TO THE

DEMANDS OF THE LDC'S. HE THINKS THE US PROPOSAL IS A GOOD WAY TO ATTACK THIS PROBLEM. HE POINTED OUT THAT THE EC, THE US, CANADA AND JAPAN WILL HAVE MET IN WASHINGTON PRIOR TO THE XCSS MEETING. HE SAID HE HOPED THAT WE WOULD INDICATE, AT THE XCSS, HOW SERIOUS WE ARE ABOUT COORDINATION BY TELLING THE QUOTE OUTER FOUR PLUS THE EIGHT OTHERS WHICH ARE EVEN FURTHER OUT WHAT THE INNER FOUR HAD DISCUSSED UNQUOTE.

B. OUTLINE OF THE FINAL CIEC PACKAGE.

THE COMMISSIONS WILL BE MEETING SHORTLY AFTE THE XCSS MEETING. THE PARTICIPANTS WILL BE EXPECTED TO MAKE CONCRETE PROPOSALS. THE XCSS SHOULD HAVE A DISCUSSION OF THE PROPOSALS OR RESPONSES OF THE DC'S, PRESUMABLY BASED ON THE RESULTS OF THE G-8 MEETING OCTOBER 11. JOLLES IS FULLY AWARE THAT MANY MAY WITH TO KEEP THEIR PROPOSALS SECRET IN ADVANCE OF THE COMMISSION MEETINGS. THIS WAS WHY HE HAD PROPOSED A RESTRICTED MEETING TO DISCUSS THE FINAL PACKAGE. HE UNDERSTANDS, HOWEVER, THAT THE US HAS INSISTED ON NO LESS THAN FIVE PARTICIPANTS AND THAT OTHER MEMBER COUNTRIES PREFER A LARGE MEETING. IF SO HE WILL HAVE TO AGREE. HE BELIEVES, HOWEVER, THAT THE LOSS OF CONFIDENTIALITY SHOULD NOT BE SO GREAT, SINCE MUCH WAS SAID AT MANILA, HAS BEEN SAID ELSEWHERE ON THE PUBLIC RECORD, OR IS KNOWN BY NOW. HE HOPES THAT THE DISCUSSION WILL BE FULL AND FRANK, WHETHER THE MEETING IS RESTRICTED OR NOT.

C. TRADE AND INVESTMENT.

THE SECRETARIAT BELIEVES THESE QUESTIONS HAVE NOT BEEN RESOLVED OR FULLY DISCUSSED, IN PART BECAUSE MORE THAN ONE AD HOC OR HIGH LEVEL GROUP HAS BEEN DEALING WITH THEM. JULLES HOPES THE XCSS WILL HAVE CONFIDENTIAL

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TIME TO CONSIDER THEM.
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